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Message Text

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TO SECSTATE WASHDC PRIORITY 0108

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E.O. 11652: N/A
TAGS: BBSR, BEXP, UK, XG, XE, IR, AS, XM
SUBJECT: GLOBAL MARKET RESEARCH: BID ANALYSIS - ELECTRIC ENERGY SYSTEMS.

REF: STATE A-816, FEB. 7, 1975; USDOC 2997; LONDON 4485; LONDON 4536; USDOC 4820.

1. ELEVEN FIRMS INVITED BID ON SUBJECT STUDY, TWO AT THEIR OWN REQUEST. ALL INDICATED EXPERIENCE IN AT LEAST ONE MAJOR ASPECT OF SUBJECT FIELD. THREE FIRMS (TOWERS, PERRIN, FORSTER & CROSBY; MOORE, BOUNDY, HAMILL; AND INDUSTRIAL RESEARCH BUREAU) DECLINED TO BID DUE LACK OF STAFFING CAPACITY DURING RESEARCH PERIOD. BREADTH AND DETAIL OF SPECS PROMPTED UNUSUAL VOLUME OF PRE-BID REQUESTS FOR CLARIFICATION, SOME OF WHICHANSWERED BY USDOC 4820. TWO FIRMS ATTENDED OPENING. ALL BIDS QUOTED BELOW ARE IN POUNDS STERLING (CALCULATED AT DOLLAR 2.40 WHERE BID WAS IN US DOLLARS). INDUMAR ALSO QUOTED IN LOCAL CURRENCIES FOR EACH COUNTRY STUDY BID. FOUR FIRMS OFFERED DISCOUNT AND/OR PACKAGE DEALS. BIDS FOR UK STUDY RAN FROM POUNDS 1'563 TO 10,208. HIGH BID WAS FROM HIGHLY QUALIFIED FIRM LOCATED OUTSIDE OF LONDON AND WHICH ENTERED COMPETITION TOO LATE TO PERMIT MEANINGFUL CONSULTATIONS. WITH MINOR EXCEPTIONS, BIDDERS KEPT TO FLAT-FEE BIDDING. SET OF PROPOSAL DOCUMENTS AIRMAILED APRIL 11.

2. FOLLOWING IS SUMMARY OF NINE BIDS RECEIVED:
A. COOPERS AND LYBRAND: UK ONLY: 3,800, WITH 20-25 INTER
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-VIEWS WELL DISTRIBUTED. FOUR-MAN RESEARCH TEAM INCLUDES

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EXPERIENCE IN BOILER AND ELECTRICAL EQUIPMENT MANUFACTU-
RING. CHIEF CONSULTANT WAS POWER STATION ENGINEER WITH
CENTRAL ELECTRICITY GENERATING BOARD; ANOTHER HAS DONE
STUDIES FOR ELECTRICITY COUNCIL. FIRM IS LARGE, INTER-
NATIONAL, BRITISH EQUIVALENT OF PRICE WATERHOUSE. ALSO
BID UK/FRANCE, 7,250; UK/GERMANY, 7,500; UK/NETHERLANDS,
7,500; UK/FRANCE/GERMANY, 10,800; UK/FRANCE/NETHERLANDS,
10,800; UK/GERMANY/NETHERLANDS, 11,250; UK/FRANCE/NETH-
ERLANDS/GERMANY, 14,650. INTERVIEWS APPROXIMATELY 25
IN EACH COUNTRY, AND AS IN UK, WOULD INCLUDE 2-4 US FIRMS
SAME TEAM AS ABOVE PLUS GERMAN AND FRENCH ENGINEERS FROM
C & L FRANKFURT AND PARIS OFFICES.
B. ERA (ELECTRICAL RESEARCH ASSOCIATION): 10,208
(24,500 DOLLARS), WITH 45-50 INTERVIEWS (PLUS 200
TELEPHONE INTERVIEWS) AND VERY COMPREHENSIVE COVERAGE
TO INCLUDE CHANNEL ISLANDS AND ISLE OF MAN. TOP QUALI-
FICATIONS AND IMPRESSIVE LIST OF CLIENTS. RECENT
STUDIES ARE HIGHLY PERTINENT TO SUBJECT RESEARCH. HIGH
QUALITY UNFORTUNATELY MATCHED BY PRICE.
C. O.A. GOULDEN & PARTNERS: UK, BELGIUM, FRANCE, ITALY,
NETHERLANDS, SPAIN, WEST GERMANY: 1,563 EACH, WITH
COMPLETION IN 14 WEEKS. APPROXIMATELY 20 INTERVIEWS
EACH. IF AWARDED ALL SEVEN STUDIES, FIRM WOULD PROVIDE
ONE SET TO USDOC AND ONE SET EACH TO COMMERCIAL
LIBRARIES OF SEVEN AFFECTED US EMBASSIES OF 19-VOLUME
STUDY, "EUROPEAN ELECTRICAL MARKET", NOW IN PROGRESS AND
WHICH INCLUDES 12 COUNTRY STUDIES FOR WESTERN EUROPE
NOW AVAILABLE, WITH COPYRIGHT WAIVED FOR USDOC PURPOSES.
EFFECT WOULD BE TO PROVIDE MATERIAL FOR ADDITIONAL
COUNTRY MARKET BRIEFS FOR GMS AND AT NO COST TO USG.
BIDDER ALSO OFFERS DO ANY OR ALL OF OTHER COUNTRIES
LISTED FOR SUBJECT RESEARCH AT 2,500 EACH, WITH ONE
MONTH ADDITIONAL TIME ALLOWED PER COUNTRY, ALTHOUGH
LOGICAL GROUPING (E.G., JAPAN, SOUTH KOREA, TAIWAN)
WOULD SHORTEN PER-COUNTRY PERIOD BY AT LEAST HALF. BID
STATES FIRM HAS OFFICES IN GERMANY, FRANCE AND ITALY,
AND HAS COMPLETED 14 STUDIES FOR USDOC. PRINCIPAL HAS 30
YEARS EXPERIENCE IN POWER-ENGINEERING INDUSTRY, AND
ATTRIBUTES LOW BID TO ABILITY TO MATCH IN-HOUSE CURRENT
STATISTICS WITH COMMERCE SPECS DUE HAPPY COINCIDENCE OF
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PROJECT AIMS. (FIRM'S OWN PROJECT OUTLINE AIRMAILED TO
USDOC.)
D. INDUMAR: (NUMBER OF INTERVIEWS IN PARENTHESES)
UK, 3,650 (42); AUSTRALIA, 4,500 (42); BELGIUM, 2,750 (24
FRANCE, 3,750 (42); INDONESIA, 9,500 (60); ITALY, 3,750
(42); NETHERLANDS, 2,750 (24); SPAIN, 2,950 (24); WEST
GERMANY, 3,950 (42). FIVE PERCENT REDUCTION FOR TWO

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OR MORE STUDIES, WITH EXCEPTION OF INDONESIAN STUDY. PAYMENT CONDITIONS NOT TO OUR SPECS, BUT PROBABLY NEGOTIABLE. SIZE OF INDONESIA BID IS SURPRISING, EVEN IN VIEW OF 60 PLANNED INTERVIEWS, SINCE MANAGING DIRECTOR WAS LONG-TIME RESIDENT AND IS WELL-REGARDED BY GOI OFFICIALS HERE. ALSO, FIRM CONCURS IN OUR VIEW THAT USAID/JAKARTA, TOGETHER WITH IBRD AND ADB, CAN PROVIDE IMPORTANT STATISTICAL INPUT, IN ADDITION TO GOI AND DUTCH AID SOURCES. INDUMAR FALTERED SERIOUSLY IN METALWORKING AND FINISHING (UK AND ITALY) STUDIES LAST YEAR, BUT APPEARS TO HAVE REORGANIZED WITH GOOD SUCCESS, AND HAS PERTINENT EXPERIENCE.
E. INTERPLAN: (NO. OF INTERVIEWS IN PARENTHESES)
UK, 3,900 (42); BELGIUM 5,100 (30); FRANCE, 6500 (41); GERMANY, 8,200 (52); ITALY, 6,400 (39); NETHERLANDS, 5,300 (33); SPAIN, 4,600 (35); AUSTRALIA, 6,900 (35); INDONESIA, 6,100 (25); IRAN, 6,100 (28); JAPAN, 8,200 (48); SOUTH KOREA, 6,200 (22); TAIWAN, 6,L00 (22); BRAZIL 7,000 (38); COLOMBIA, 5,900 (28); MEXICO, 6,100 (31); VENEZUELA, 6,300 (33). UK WOULD BE INCLUDED IN ANY COMBINATION OF COUNTRIES, WITH ONE PERCENT DISCOUNT FOR EACH ADDITIONAL COUNTRY, AND MAXIMUM OF FOUR STUDIES,AND MAXIMUM OF TWO SPANISH AND PORTUGUESE-SPEAKING COUNTRIES. UK BID IS MAXIMUM COST, AND MIGHT RESULT IN LOWER BILL-ING; OTHER BIDS ARE FIXED (BUT SUBJECT TO ABOVEMENTIONED DISCOUNT); COVERING LETTER NOTES THAT "BRIEF IS MORE THAN USUALLY COMPLEX AND CALLS FOR A MEASURE OF TECHNO-

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LOGICAL FORECASTING", WITH CONSEQUENT INCREASE IN IN-
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DEPTH INTERVIEWS. RECOGNIZING BUDGET LIMITS, INTERPLAN PROPOSES, AS ALTERNATIVE, EXECUTION OF FOUR "BASE STUDIES" (UK, IRAN, COLOMBIA AND NETHERLANDS) PERFORMED PER USDOC SPECS AND COSTING 20,565, ALLOWING FOR PER-CENTAGE DEDUCTION. REMAINING THIRTEEN SUPPORTING STU-DIES TO BE CONDUCTED FROM INTERNAL RESOURCES (MAINLY DESK RESEARCH AND CORRESPONDENCE), NOT IN DETAIL OF USDOC SPECS, AND AT COST OF 750 EACH, FOR TOTAL OF 9,750. COMPLETE SEVENTEEN-COUNTRY PROGRAM WOULD COST 30,315, AT AVERAGE COST PER COUNTRY OF 1,785. PROPOSAL IS SUBJECT TO DISCUSSION AND SELECTION OF FOUR BASE COUN-TRIES, PLUS ADJUSTMENT WHERE ANY VARIATION BETWEEN POUND STERLING AND CURRENCY OF OTHER BASE COUNTRY IS GREATER THAN FIVE PERCENT DURING BILLING PERIOD. ALSO, PERCENTAGE OF TOTAL FEE TO BE COVERED BY TWO PROGRESS PAYMENTS WOULD BE NEGOTIABLE. PROPOSAL LISTS HIGHLY PERTINENT CLIENTS IN US, UK AND WEST EUROPE, AND DETAILS BOTH METHODOLOGY AND RESEARCHERS' RELEVANT BACKGROUND.
F. KNIGHT WEGENSTEIN: UK, 5,175 (30); BELGIUM, 3,125 (20); FRANCE, 6,250 (35); ITALY, 6,250 (30); MEXICO, 6,500 (20); NETHERLANDS, 3,125 (25); SPAIN, 5,000 (25); WEST GERMANY, 6,250 (35). FOREGOING ARE "TOTAL BUDGET" FIGURES INCLUDING EXPENSE ESTIMATES RANGING FROM 15 PERCENT (FOR UK) TO 30 PERCENT (FOR MEXICO) OF QUOTED CONSULTANCY FEES. FLAT-FEE REQUIREMENT AND OUR RULES FOR INTERIM PAYMENTS EQUALLY IGNORED BUT PROBABLY NEGOTIABLE. TERMINATION CLAUSE INCLUDES REQUIREMENT OF FIVE WORKING DAYS' NOTICE AND RETURN OF PERSONNEL TO HOME BASE AT USG EXPENSE. SWISS-AMERICAN FIRM WITH OFFICES IN ALL BID COUNTRIES SAVE BELGIUM. RELATED EXPERIENCE IMPRESSIVE (ALTHOUGH NOT OUTLINED BID DOCU-MENTS).
G. RICHARD LUSTIG ASSOCIATES: UK, 2,600; ESTIMATED 40 INTERVIEWS. PROPOSAL EVIDENCES CAREFUL SURVEY OF AVAILABLE UK STATISTICS IN LIGHT OF GMR SPECS, AND SUGGESTS PLAN FOR WORKING WITH USDOCTO ENSURE COMPARA-BILITY WITH OTHER STUDIES. ALSO REMARKS ON ABSENCE OF DISTRIBUTION CABLE AND METERS FROM APPENDIX D.1 OF SPECS. FIRM, ALTHOUGH SMALL, HAS RELEVANT EXPERIENCE WITH W.H. ALLEN, CONTACTOR SWITCHGEAR, GEC, TURNER & NEWALL, ETC. TEAM WOULD INCLUDE PRINCIPAL, R.J. MANN
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OF DICK MANN ASSOCIATES, AND UNIVERSITY OF NOTTINGHAM
HEAD OF DEPT. OF ELECTRICAL AND ELECTRONIC ENGINEERING
AS TECHNICAL ASSESSOR.
H. PLANNING RESEARCH SYSTEMS: UK, L,975; BELGIUM,
1,975; FRANCE, 2,140; ITALY, 2,140; WEST GERMANY, 2,140;
IRAN, 2,460 (INCLUDING 600 TRAVEL AND SUBSISTENCE ITEM);
NETHERLANDS, 1,860. FOR 3-4 COUNTRIES, DISCOUNT OF 5
PERCENT OF TOTAL FEE; FOR 5-6, 7.5 PERCENT; AND FOR
7, 10 PERCENT DISCOUNT. FOR BELGIUM AND NETHERLANDS,
20 PERSONAL AND 30 TELEPHONE INTERVIEWS; FOR ALL OTHERS,
28 AND 40 RESPECTIVELY, EXCEPT FOR IRAN WHERE TELEPHONE
INTERVIEWS CONSIDERED USELESS DUE SOCIAL FACTORS. DUTCH
AND IRANIAN STUDIES WOULD BE CONDUCTED BY LOCALLY-BASED

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STAFF (IN TEHERAN, DENJON IRAN MARKET RESEARCH, BRANCH
OF MAIS LTD.); OTHER STUDIES WOULD BE RUN FROM LONDON.
CURRENT CLIENTS INCLUDE UK ELECTRICITY COUNCIL AND
GENERAL ELECTRIC. LISTED EXPERIENCE (SAVE WORK FOR
NUCLEAR POWER ENGINEERING COMPANY) HAS MAINLY BEEN WITH
INDUSTRIAL CONSUMERS (E.G., ELECTRIC INDUCTION HEATING,
ELECTRIC HEAT TREATMENT IN STEEL INDUSTRY, ETC.).
LONDON PROJECT OVERSEER WOULD BE DIRECTOR GRAHAM TARRY,
WHO MANAGED SUCCESS PRS STUDY OF UK MARKET FOR AIR/WATER
POLLUTION TREATMENT EQUIPMENT LAST YEAR.
I. PETER WINGFIELD-STRATFORD: UK, 2,800, WITH 38
PERSONAL AND 42 TELEPHONE INTERVIEWS. INDIVIDUAL
RESEARCHER WITH ONE ASSISTANT; BIDDER MENTIONS (UNSPECI-

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FIED) EXPERIENCE IN ELECTRIC GENERATION FIELD, AND HAS PRODUCED INTERESTING STATISTICAL SUMMARY SHOWING PRE-PONDERANCE OF PUBLIC SECTOR IN UK MARKET FOR THIS EQUIP-MENT. CAREFUL, INTELLIGENT APPROACH TO STUDY, ALTHOUGH POST SUSPECTS STAFFING MIGHT PROVE INADEQUATE FOR JOB THIS SIZE. NO PREVIOUS USG EXPERIENCE.

3. RECOMMENDAHBONS: O.A. GOULDEN PROPOSAL FOR UK ATTRACTIVE FROM STANDPOINT OF LOW BID, SPECIALIZATION IN FIELD, AND LARGE AMOUNT OF ON-HAND INFORMATION (WHICH SHOULD FACILITATE ON-TIME COMPLETION). OFFER OF RESEARCH SERIES AT NO COST ALSO WORTH NOTING. SECOND-CHOICE IS PRS AS SECOND-LOWEST BIDDER AND FIRM WITH DEMONSTRATED COMPETENCE. SO FAR AS LONDON SUBMISSIONS CONCERNED, POSITIONS REVERSED FOR THIRD-COUNTRY STUDIES, WITH PRS
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AS LOW BIDDER FOR ALL STUDIES IT BID ON, AND GOULDEN CLOSE BEHIND WITH 2,500 BID. (SHOULD NOTE ALSO THAT GOULDEN WOULD NEGOTIATE PRICE AND CUT TIME FACTOR TO THREE ADDITIONAL WEEKS PER STUDY IF GEOGRAPHICAL GROUP-ING OF STUDIES AWARDED HIM PERMITTED SAME.) DISTURBING TO NOTE THAT TRADITIONAL LOW OR NEAR-BOTTOM BIDDER LIKE INTERPLAN HAS RAISED ITS PRICES SO; IN FACT, EXCEPT FOR GOULDEN AND PRS, ALL BIDDERS ARE WELL ABOVE ANTICIPATED AVERAGE COST DESCRIBED IN REF AIRGRAM. HOPEFULLY, NO NEED TO DO SO FOR MOMENT, BUT RE-CONSIDERATION OF ALTER-NATIVE SCHEME PROPOSED BY INTERPLAN MAY BE APPROPRIATE IF COST SITUATION WORSENS.

4. INTERESTED TO NOTE LUXEMBOURG DROPPED FROM USUAL PARTNERSHIP WITH BELGIUM.

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